



Doing Business in Estonia: 2012

Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Estonia

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Market Overview

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Since regaining independence in 1991, Estonia has transformed itself into a highly motivated and dynamic center of commerce. The business environment has blossomed, mainly due to the stability of the political situation and the sound economic policies of the government. Estonia achieved its overriding foreign policy goals of the past decade when it acceded to both NATO and the European Union in the spring of 2004. Additionally Estonia formally joined the OECD on December 9, 2010 and adopted the euro as its official currency on January 1, 2011. Estonia is the first Baltic state to join the OECD and euro zone. After enjoying 8 percent average annual GDP growth since 2000 the global financial and economic crisis caused Estonian GDP to shrink 5.1 percent in 2008 and 14.3 percent in 2009. Although Estonian GDP returned to positive growth in 2010 (2.3 percent), unemployment continued to rise, reaching an all time high of 19.8 percent in early 2010. Estonia rebounded from the economic crisis quite well. In 2011 the Estonian economy had the highest GDP growth rate in Europe, primarily due to a boom in exports. Estimates for 2011 indicate GDP grew 7.5 percent and unemployment dropped to 12.5 percent.

Being a small country of 1.3 million people, Estonia relies for commercial success on its greatest natural asset -- geography. Estonia lies just south of Finland and across the Baltic Sea from Sweden. To the east is the potential market of northwest Russia. After Estonia regained its independence in 1991, Russia imposed a non-favorable tariff regime for Estonian imports, causing most local businesses to shift their export markets to European countries. The situation began to change after May 1, 2004, when Estonia joined the EU, and Russia lifted its double-tariff regime on Estonian products. This has considerably increased the level of Estonian business interest toward the Russian market, as well as Russian business interest in Estonia. Sound, liberal economic policies and an excellent business climate have ensured high levels of foreign direct investment (FDI) in Estonia. Scandinavian countries are the largest foreign direct investors in Estonia. Sweden has a 30 percent share of the total FDI, followed by Finland with 23 percent, and the Netherlands with 11 percent. The United States accounts for 2.3 percent of FDI stock (8th overall). According to the U.S. Census Bureau's Foreign Trade Division, in 2011 the principal imports from the United States were petroleum and coal, computer and electronic products, machinery, chemicals, transportation equipment and wood products. Estonian membership in the EU has not had major bilateral trade implications for the United States, although this membership is disadvantageous for some U.S. exports. Estonia's main trading partners are Finland, Sweden, Germany and Russia, while the U.S. share in trade is about 1 percent.

Market Challenges

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Estonia has a small domestic market, with only 1.3 million people.

The primary competition for American companies in the Estonian marketplace is European, especially Finnish and Swedish companies.

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Estonia's business attitude towards the United States is positive and business relations between the United States and Estonia are increasingly significant. Over the next several years, major growth is likely in services, especially in the telecommunications, transportation and energy sectors.

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All market entry strategies are applicable.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5377.htm>

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Using an Agent or Distributor

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One exclusive agent/distributor is usually appointed to cover the entire country. Estonian importers often represent several different product lines. In selecting a representative, the exporter should check whether that company handles competing products.

It is recommended that U.S. companies seeking agents, distributors, or partners in Estonia contact local trade associations for a list of importers or the [Political/Economic Section of the U.S. Embassy in Tallinn](#).

Local Yellow Pages also have information in English:

Ekspress Hotline: <http://www.1182.ee/eng/>

Estonian Export Directory: <http://www.estonianexport.ee/>

Establishing an Office

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All questions concerning establishing an office in Estonia are covered by the Enterprise Estonia Investment Guide:

<http://www.investinestonia.com/en/Investment-guide/.Franchising>

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Estonia's legal system provides for trademark protection and licensing provisions. Franchisors should consider the small size of the market when making their agreement requirements.

Direct Marketing

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There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase, and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance selling and on-line commerce. It is worth noting that the EU is currently overhauling its consumer protection legislation. Companies are advised to consult the information available via the hyperlinks, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please see

http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm

Distance Selling Rules

- Distance and Door-to-Door sales
The EU's Directive on distance selling to consumers (97/7/EC and amendments) sets out a number of obligations for companies doing business at a distance with consumers. It can read like a set of onerous "do's" and "don'ts," but in many ways it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

Key Link: http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm

- Distance Selling of Financial Services

Financial services are the subject of a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior existing Directives and is designed to ensure that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Key Link: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

Direct Marketing over the Internet

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Key Link: http://ec.europa.eu/internal_market/e-commerce/index_en.htm

Joint Ventures/Licensing

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Joint ventures and licensing arrangements with foreign manufacturers are allowed and encouraged. Over 100 U.S. companies have established themselves in the Estonian market with subsidiaries or joint ventures.

Selling to the Government

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The U.S. and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and some services and works contracts published by national procuring authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the Government Procurement Agreement (GPA). The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or is entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These

restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions however were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: http://www.buyusa.gov/europeanunion/eu_tenders.html

Government procurement in Estonia is governed by the Public Procurement Act (PPA), which came into force in 2001. The objects of public procurement are goods, services, construction work, construction work concessions and design solutions.

PPA in English: <http://www.legaltext.ee/indexen.htm>

All EU government tender notices can be viewed in English at:
<http://ted.europa.eu/TED/main/HomePage.do>**Distribution and Sales Channels**
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Distribution channels in Estonia are similar to those in the United States market. Goods may be sold through an agent, distributor, established wholesaler, or by selling directly to retail organizations. Businesses and most logistic services are concentrated in and around Tallinn.

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Selling factors and techniques are very similar to those in the United States. Terms generally applied to international trade with EU countries apply to selling in Estonia.

Electronic Commerce

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In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging VAT. These rules were indefinitely extended following adoption of directive 2008/8/EC

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for businesses. The Directive created a special scheme that simplifies registering with each Member State. The Directive allows companies to register with a single VAT authority of their choice. Companies have to charge different rates of VAT according to where their customers are based but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm

In Estonia there are a number of Internet shops offering books, publications, tools, household goods, software and hardware, flowers and multimedia products. It is possible also to book and buy air and ferry tickets on-line or purchase tickets to various entertainment events. However, according to a December 2010 Eurostat study, while the share of Internet users in Estonia is above the European Union average, only 17 percent of Estonians had purchased goods or services for themselves online.

Trade Promotion and Advertising

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General Legislation

Advertising in Estonia is regulated by the Advertising Act:

<http://www.legaltext.ee/et/andmebaas/tekst.asp?loc=text&dok=XXX0044&keel=en&pg=1&ptyyp=RT&tyyp=X&query=reklaam>

Web links

Media contacts: Estonian printed media: <http://www.eall.ee/members.html>

The Association of Estonian Broadcasters:

http://www.ringhliit.ee/english/members_stations/

Most international fairs take place at the grounds of Estonian Fairs, Ltd., located in Tallinn: www.fair.ee

Pricing

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Customs duties information can be found from the Estonian Master Tariff System:

<https://vaarikas.emta.ee/emts/do/language?lang=en>

Excise tax is levied on raw tobacco and cigarettes, cigars, cigarillos; alcohol and beer; gasoline, diesel oil, jet fuel, and lubricating engine oil; cars, motorcycles, and yachts; and packaging.

Nearly all imports, as well as domestic production, are subject to the 20% Value Added Tax (VAT).

More on taxes: <http://www.emta.ee/index.php?id=1751>

Sales Service/Customer Support

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EU institutions have launched a number of initiatives aimed at harmonizing national legislation to help with the discrepancies among Member States in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

Product Safety

The 1992 General Product Safety Directive introduces a general safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation for the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, and a ban on exports of products to third countries that are not deemed safe in the EU.

Key link: http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm

Legal Warranties and After-sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers. The Directive defines a consumer as natural persons acting for purposes outside their trade, businesses, or professions. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

Key link:

http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control, and data protection are dealt with in Chapter 5 of this report.

Protecting Your Intellectual Property

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Please see the [Protection of Property Rights](#) section for more information on Intellectual Property Rights (IPR) in Estonia.

It is recommended that U.S. firms desiring to register their patent or trademark seek the assistance of a reputable attorney experienced in IPR issues. Additional information can be found at the Association of Estonian Patent Attorneys' (EPS) website:

<http://www.epvs.ee/index.php?pgid=0&pglng=eng>

Due Diligence

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AS Krediidiinfo provides credit information:

http://www.krediidiinfo.ee/index.php?ss_max=10&ss=&m=&otsi=1&lang=

The U.S. Embassy can also provide an [International Company Profile \(ICP\)](#) report.

Local Professional Services

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Local service providers can be found in the Estonian Yellow Pages:
<http://www.1182.ee/eng/>

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Yellow Pages: <http://www.1182.ee>
Estonian Export Directory: <http://www.estonianexport.ee/>
Credit Information: <http://www.krediidiinfo.ee/>
Estonian Patent Attorneys: <http://www.epvs.ee/index.php?pgid=0&pglng=eng>
Estonian Patent Agency: http://www.epa.ee/default.asp?wa_site_id=2
Media Contacts: <http://www.eall.ee/members.html>,
http://www.ringhliit.ee/english/members_stations/

Estonian Fairs: <http://www.fair.ee>
US Embassy business services: <http://estonia.usembassy.gov/polecon/companies/us-companies.html>
Estonian Customs: www.emta.ee
Enterprise Estonia: www.investinestonia.com, <http://tradewithestonia.com>

EU websites:

EU's general data protection Directive (95/46/EC):
http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm
Safe Harbor: <http://www.export.gov/safeharbor/>
Model Contracts:
http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm
Distance Selling Rules: http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm
Distance Selling of Financial Services:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>
E-commerce Directive (2000/31/EC):
http://ec.europa.eu/internal_market/e-commerce/index_en.htm
VAT on Electronic Service:
http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm
Nutrition and health claims made on foods:
[Regulation 1924/2006](#)
Provisions of Nutritional Labeling:
[Nutritional labeling directive 90/496/EC](#)
World Intellectual Property Organization (WIPO) Madrid: <http://www.wipo.int/madrid/en>

U.S. websites:

IPR Toolkit:
<http://export.gov/europeanunion/marketresearch/intellectualpropertyrightssector/index.asp>
EU Public Procurement: http://www.buyusa.gov/europeanunion/eu_tenders.html
EU Member State Country Commercial Guides - Market Research Library:
<http://www.export.gov/mrktresearch/index.asp>

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Chapter 4: Leading Sectors for U.S. Export and Investment

Agriculture

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Commercial Sectors

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- [Marine Transit Services and Logistics Centers](#)

Agriculture

Rank of sector: NA
ITA industry code: AGS

Overview

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The Estonian food market holds potential for imports of a wide range of high-value packaged goods targeted to higher and middle income level groups, increasing numbers of tourists, and a growing expatriate community. The fast-developing consolidation of retail outlets through investment by large Scandinavian chains may provide new opportunities for exporters who can successfully connect with these companies. Products packaged and targeted at the hotel-restaurant sector such as desserts and beverages are growing in popularity. There are long established consumer preferences for domestic fresh products which have short shelf lives and are free of additives. Although consumer demand remains price-sensitive, consumers have started to show interest in organic foods. A preference for new products is strong among the younger population, but a significant number of consumers remain "tasting level" buyers.

Estonia is a net importer of food products. Estonia's most important food imports are beverages, meat products, fruits and vegetables, coffee, tea, preserves of vegetables and fruits, and feed grains. Major U.S. exports, which have good market potential, include fish (roe and surimi), nuts (shelled almonds and pecans), baking ingredients such as dried vegetable ingredients (garlic and onions), dried fruit (cranberries, blueberries, or prunes), fruit (grapefruit or table grapes), wines, and distilled spirits.

Estonian food exports include dairy products, meat, fish, and beverages. The U.S. imports Estonian cheeses, frozen fish and fish preparations, as well as starch, glues, and cotton articles.

Since Estonia's EU accession in 2004, the EU's external customs tariffs now apply on imports to Estonia. The EU has strict sanitary and phyto-sanitary regulations for its products. Exporters should first examine whether their product is granted market access to the European Union. Some commodities such as beef, poultry, corn, rice, and processed products derived from those ingredients face significant barriers. EU agricultural exports from European countries therefore face zero duties compared with Most Favored Nation (MFN) rates for U.S. exports. Detailed information on the current customs tariffs applicable in the EU are available at

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Best Sub-sector Prospects for Agricultural Products

Note: All figures are in Thousands of U.S. dollars, unless otherwise stated.
Data Source: Global Agricultural Trade System (GATS). The GATS does not track intra-EU transshipments only direct trade. Other best prospects are based on trade information and products presently on the market.

Tree Nuts (Consumer Oriented Product)
Processed Vegetables (Consumer Oriented Product)
Hardwood Lumber (Forest Product)
Caviar, Surimi and Other Fish Products (Fish Products)

1. Tree Nuts

Tree nuts sourced from the United States consist primarily of almonds. Almonds are an increasingly popular ingredient in the confectionary, home baking and snack industries. The United States' leading competitor on the Estonian market is Germany, which coordinates shipments from Spain but also from the U.S. Lithuania is another transshipping point for nuts from those two sources.

Commodity Group: Almonds and Pecans
Harmonized Schedule Code(s): HS 080212, 080290
Value in US\$1,000

Year	<u>2009</u>	<u>2010</u>	<u>2011 (p)</u>	<u>2012 (f)</u>
Total Imports	1,514	4,602	4,100	4,200
Total Imports from U.S.	960	4,596	4,094	4,100

2. Processed Vegetables

The Estonian food processing industry is developing rapidly and seeking ingredients of consistent quality. The United States is recognized as a quality supplier of garlic and onions, which are ingredients in traditional Baltic cuisine. China is the major competitor for the U.S.

Commodity Group: Garlic and Onions (dehydrated/dried)
Harmonized Schedule Code(s): HS 0712
Value in US\$1,000

Year	2009	2010	2011 (p)	2012 (f)
Total Imports	3,900	3,920	5,140	5,200
Total Imports from U.S.	1,387	988	1,040	1,100

3. **Forest Products**

Since Estonia's accession into the EU in 2004, it has emerged as a leading manufacturer of wood furniture for the European market. U.S. wood based products are exported from Estonia mainly to the Scandinavian countries. Russia, Latvia, and Finland provide the main competition for the U.S.

Commodity Group: Hardwood Lumber
Harmonized Schedule Code(s): HS 4407
Value in US\$1,000

Year	2009	2010	2011 (p)	2012 (f)
Total Imports	112,250	164,940	209,000	210,000
Total Imports from U.S.	2,094	6,533	8,198	8,500

4. **Seafood (Caviar, Surimi, Other Fish Products)**

Estonia's population has a long tradition of consuming seafood products. With the growing importance of the seafood processing industry this market will continue to offer sales opportunities for U.S. exporters.

Commodity Group: Caviar, Surimi, Other Fish Products
Harmonized Schedule Code(s): HS 16043, 03031, 0304299, 030379
Value in US\$1,000

Year	2009	2010	2011 (p)	2012 (f)
Total Imports	51,050	52,911	54,949	55,000
Total Imports from U.S.	1,657	1,082	2,542	2,600

Agricultural Reports

Attaché Reports

Attaché reports provide information on market opportunities, crop conditions, new policy developments and information on the local food industry. Some standard reports include: Retail Market Report, Exporter Guide, Food Service Report, and market briefs on select products. Attaché reports can be found at <http://www.fas.usda.gov/scripts/attacherep/default.asp>. In recent years, many of the reports have been consolidated and are submitted as EU reports. We recommend that companies interested in the market covered by our Post also review the EU-27 reports.

Trade Data:

3/2/2012

Please refer to: The USDA Foreign Agricultural Service's Global Agricultural Trade System (GATS). GATS includes international trade statistics on agricultural, fish, forest, and textile products, dating from the inception of the Harmonized coding system in 1989 to present.

Other Web Resources:

USDA's Foreign Agricultural Service (regional office in Warsaw):
<http://poland.usembassy.gov/poland/agric.html>

Information on agricultural trade barriers can be found at the following website:
<http://www.fas.usda.gov/posthome/useu/>

Computers and Peripherals

Rank of sector: 1
ITA industry code: CPT

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U.S. exports to Estonia (U.S. Census Bureau)
Commodity Group: Computer and Electronic Products
Value in US\$1,000

2008	2009	2010	2011
40,129	38,216	46,701	62,585

Estonian computer usage is characterized by the following parameters:

- High number of Internet users as 74 percent of individuals between the ages of 16 and 74 regularly use the Internet (compared to 69 percent in EU-27 in 2010)
- High penetration of broadband as 64 percent of households that are connectable to the Internet have access to broadband (61 percent EU-27 average)
- High number of laptop users. Twenty-eight percent of individuals use laptops to access the Internet because Estonia is widely covered by free WiFi areas (compared to 19 percent in EU-27 in 2010).

Sub-Sector Best Prospects

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- Leading edge ICT products
- Laptops, especially cheap and small laptops, tablets
- Memory and networking products.

Opportunities

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Please see the Supplement to the Official Journal of the European Union dedicated to European public procurement.
<http://ted.europa.eu/TED/main/HomePage.do>

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Estonian WiFi areas: <http://www.wifi.ee/?p=area&lang=eng>

Estonian Association of Information Technology and Telecommunications:

<http://www.itl.ee/?op=body&id=1>

Trade Statistics: [http://pub.stat.ee/px-](http://pub.stat.ee/px-web.2001/I_Databas/Economy/11Foreign_trade/03Foreign_trade_since_2004/03Foreign_trade_since_2004.asp)

[web.2001/I_Databas/Economy/11Foreign_trade/03Foreign_trade_since_2004/03Foreign_trade_since_2004.asp](http://pub.stat.ee/px-web.2001/I_Databas/Economy/11Foreign_trade/03Foreign_trade_since_2004/03Foreign_trade_since_2004.asp)

Telecommunication services and equipment

Rank of sector: 2

ITA industry code: TEL, GIE, ELC

Overview

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E-services

Estonia is a leader in e-government, with citizens easily accessing an extensive list of government services through the use of a primary domestic identification document – an ID card – issued by the Citizenship and Migration Board. In addition to many security features, the card has a machine-readable code and a chip, an electronic device containing visual data on the card and two security certificates (long number series), to verify the individual and supply digital signatures. In March 2007, Estonia became the first country in the world to employ internet voting for parliamentary elections, using the new ID-cards to verify voters' identities. E-voters needed their ID card, ID card reader, and a PC connected to the Internet. The software for e-voting worked properly and no technical problems hindered the voting process. Officials monitored closely for cases of fraud, but none were reported. Estonia has since become a case study for many countries wanting to introduce e-voting. During parliamentary elections in March 2011, 140,846 people cast their votes electronically, which was 24.3 percent of all the people who voted. Possible future uses of the card include the integration of ID cards, banking cards, and various access cards.

An overview of e-government projects can be found:

<https://www.eesti.ee/eng/services>

Cyber Defense

Estonia has also become a focal point for issues related to cyber security and defense. In April 2007, Estonia experienced an intensive, coordinated 'cyber attack' against government and private sector websites following the government's decision to relocate a Soviet-era statue from the center of Tallinn to a nearby military cemetery. The targeted sites recovered quickly, but the attacks spurred the government to increase resources and structures related to cyber defense and work to increase the number of information security specialists. State institutions plan to spend an estimated \$15 million raising the efficiency of information security over the next six years. The biggest part of this would be spent on protecting critical infrastructure. Estonia has also developed an innovative public-private partnership, called the Cyber Defense League, to enhance the country's ability to prevent and respond to further cyber attacks affecting national security.

Estonia also hosts the NATO Cooperative Cyber Defense Center Of Excellence (CCD COE), which the United States formally joined in 2011. In addition to the U.S., other member countries in the CCD COE are Estonia, Latvia, Lithuania, Germany, Italy, the Slovak Republic, Spain, and Hungary. The list of members and contributing partners is expected to increase in coming years.

More info: <http://www.ccdcoe.org/>.

EU Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice.

The Justice and Home Affairs Council of the European Union in Brussels approved the establishment of the headquarters of the EU's IT agency for justice and home affairs in Estonia in December 2010. The agency will bear the name Agency for the Operational Management of Large-Scale IT Systems in the Area of Freedom, Security and Justice. Its seat will be in Tallinn, while tasks related to operational management will be carried out in Strasbourg, France and a backup site will be installed in Sankt Johann im Pongau, Austria. Estonia plans to invest approximately 17 million euro in the project.

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- Identification and secure data communication related applications, software and hardware.
- Data storage.

Opportunities

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Please see the Supplement to the Official Journal of the European Union, dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

Web Resources

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Cybernetica: <http://www.cyber.ee/cms-en>

Examples of the ICT related FDI in Estonia: <http://www.investinestonia.com/en/business-environment/Page-2-1>

Estonian Association of Information Technology and Telecommunications:

<http://www.itl.ee/?op=body&id=1>

Trade Statistics: [http://pub.stat.ee/px-](http://pub.stat.ee/px-web.2001/I_Databas/Economy/11Foreign_trade/03Foreign_trade_since_2004/03Foreign_trade_since_2004.asp)

[web.2001/I_Databas/Economy/11Foreign_trade/03Foreign_trade_since_2004/03Foreign_trade_since_2004.asp](http://pub.stat.ee/px-web.2001/I_Databas/Economy/11Foreign_trade/03Foreign_trade_since_2004/03Foreign_trade_since_2004.asp)

ICT Demo Center: <http://e-estonia.com/>

Electronics Industry Production

Rank of sector: 3

ITA industry code: EIP, ELC

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The electronics industry made up approximately 13 percent of all industrial output in 2009. The electronics industry's dominant sub-sector is the manufacturing of electrical machinery and apparatuses, followed by telecommunication equipment and medical, precision and optical instruments. The sector is dominated by small local companies, yet there are also a number of subsidiaries of international corporations, including from the U.S., which are mostly oriented towards subcontracting for exports. Nearly three-quarters of electronics production is exported. Estonia's main export partners in electronics are Sweden, Finland and Denmark. The world economic crisis has brought to Estonia an increasing number of near-shoring activities due to Estonia's favorable geographical location, relatively cost-efficient labor and ease of doing business.

In 2011 the export of electrical machinery and mechanical appliances increased nearly 70 percent compared to 2010 (from 1.45 billion euro to 2.43 billion euro).

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Manufacturing of electronic devices
Supplies for electronics manufacturing

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<http://ted.europa.eu/TED/main/HomePage.do>

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Enterprise Estonia: <http://www.investinestonia.com/en/business-environment/Page-4-1>
Trade Statistics: [http://pub.stat.ee/px-web.2001/I_Databas/Economy/11Foreign trade/03Foreign trade since 2004/03Foreign trade since 2004.asp](http://pub.stat.ee/px-web.2001/I_Databas/Economy/11Foreign%20trade/03Foreign%20trade%20since%202004/03Foreign%20trade%20since%202004.asp)

Energy

Rank of sector: 4
ITA industry code: OGS, EPS

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Thanks to its large domestic oil shale reserves, Estonia is relatively independent in energy, but produces the second highest greenhouse gas emissions per capita in the EU. The GOE is planning to diversify electricity supply via investment in nuclear, renewable, and cleaner oil shale technology, which will create considerable commercial opportunities for U.S. companies.

Since Estonia has committed to having renewable energy supply 25 percent of its consumption by 2020, interest in the implementation and development of green technologies is increasing. Generation of renewable energy increased 34 percent in Estonia in 2011 or from 862 GWh to 1,159 GWh. Generation of wind energy accounted for 32 percent of the renewable energy production; compared with 2010 it increased from 276 GWh to 364 GWh in 2010. Estonia's renewable energy potential lies mainly in

biomass, biogas, wind and cogeneration from bio fuels. There is also interest in other energy technologies such as pumped-storage hydroelectricity and smartgrid solutions.

There is an increasing interest (particularly by Eesti Energia and Viru Keemia Grupp) in shale oil production as the price of shale oil has increased in correlation with the world market prices of oil products.

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Energy saving and storage technology
Cogeneration technology

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Eesti Energia: <https://www.energia.ee/en/investor/start>

Estonian Wind Power Association: <http://www.tuuleenergia.ee/en/>

Estonian Power and Heat Association: <http://www.epha.ee/index.php?leht=53>

4 Energia: <http://www.4energia.ee/>

Viru Keemia Grupp: www.vkg.ee

Elering: <http://www.elering.ee/index.php?id=102&L=1>

Estonian Gas: www.gaas.ee

Statistics: http://pub.stat.ee/px-web.2001/I_Databas/Economy/databasetree.asp

General Science and Technology

Rank of sector: 5

ITA industry code: GST, BTC

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In December 2008, Estonia and the United States signed an agreement on cooperation in science and technology, the purpose of which is to promote joint activity of researchers from the two countries and thus raise the level of science and technology. Under this agreement, the countries can carry out joint programs and research projects; stage seminars, conferences and symposiums; and exchange information, documents, researchers and specialists. The agreement also sets out the possibility to exchange and share equipment and materials. An annex to the agreement provides for the protection of intellectual property rights (IPR) stemming from joint research activities.

The Estonian Research and Development Strategy "Knowledge-based Estonia" was approved by the Riigikogu (parliament) in December 2001. In May 2006, the Ministry of Economic Affairs and Communication revised and updated the strategy for 2007-2013. On the basis of this strategy, annual R&D action plans which define specific programs and measures for promoting R&D will be compiled. In 2007, the trade promotion agency

Enterprise Estonia opened an office in San Jose, CA targeting business opportunities for Estonian companies with IT and biotech firms in Silicon Valley.

The Estonian Education and Research Ministry will launch the Estonian Research Agency in March 2012, the main duties of which will be assessment and financing of researchers' and research institutions' applications. The Research Agency will be established on the basis of the present Research Fund: it will carry out changes in the financing of research, improve effectiveness of research institutions, and most importantly simplify financing. The agency is going to analyze the influence of research subsidies in Estonian society.

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- Information and communication technologies
- Biomedicine
- Green technologies

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Please see the Supplement to the Official Journal of the European Union dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

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More on Estonian biotechnology: <http://www.investinestonia.com/en/business-environment/Page-7-1>

Tallinn science park Tehnopol: <http://www.tehnopol.ee/en>

Tartu Science Park: <http://www.teaduspark.ee/en>

Knowledge based Estonia:

<http://www.akadeemia.ee/repository/File/ALUSDOKUD/Knowledge-based%20Estonia%20II.pdf>

Trade Statistics: [http://pub.stat.ee/px-](http://pub.stat.ee/px-web.2001/I_Databas/Economy/11Foreign_trade/03Foreign_trade_since_2004/03Foreign_trade_since_2004.asp)

[web.2001/I_Databas/Economy/11Foreign_trade/03Foreign_trade_since_2004/03Foreign_trade_since_2004.asp](http://pub.stat.ee/px-web.2001/I_Databas/Economy/11Foreign_trade/03Foreign_trade_since_2004/03Foreign_trade_since_2004.asp)

Estonian Science Foundation: <http://www.etf.ee/index.php?page=135>

Ministry of Education and Research: <http://www.hm.ee/index.php?148558>

Travel and Tourism

Rank of sector: 6

ITA industry code: TRA

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The travel and tourism industry in Estonia accounts for an estimated one-fifth of GDP. Finland is the top foreign destination for Estonian travelers, but other popular destinations include Egypt, Spain, Turkey, Sweden, Greece and Italy. The U.S. is the most popular long haul market for Estonian tourists. There was a 12.4 percent increase in the number of Estonians travelling to US in 2011 compared to 2010.

The main obstacles to rapid market growth have been a lack of direct or charter flights. Estonia joined the Visa Waiver Program (VWP) on November 17, 2008.

There are no direct flights from Estonia to the U.S. There are some package tours offered by local tour operators and Scandinavian travel agencies to California, Florida, and Hawaii, as well as for cruises.

New York, California and Florida are the top choices for Estonian travelers to the U.S. New York is the major gateway; Florida is popular for the sun, beaches and Disney World; and California also for the sun, the lifestyle, and as a gateway to western national parks.

For both business and vacation travel, fly-and-drive remains the most popular way for Estonians to travel to and in the United States. After flying to a major city, tourists are likely to rent a car and drive to another destination. Two of the most popular routes are New York-Miami and Las Vegas-Los Angeles-San Francisco. The major tourism attractions for Estonians are locations that are recognized from American TV series broadcast in Estonia.

In June 2008, the U.S. Embassy in Tallinn helped the American Chamber of Commerce in Estonia to establish the first-ever Discover America (DA) committee in the Baltic States. This committee brings together car rental, hotel, air and travel agencies to better coordinate the selling of U.S. tourism destinations.

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Estonian companies are looking for accommodation contacts in major cities on the east coast, mainly in New York. There is demand for hotels in the price range of USD 150 and lower per night. Florida, California and New York are the top sales prospects for the U.S. travel industry.

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Please see the Supplement to the Official Journal of the European Union, dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

Web Resources

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Discover America Committee: <http://www.amcham.ee/?id=3573>

Travel statistics: <http://www.tinet.ita.doc.gov/tinews/archive/tinews2010/20101026.html>

Marine Transit Services and Logistic Centres

Rank of sector: 7

ITA industry code: TRN

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Estonia's location is good for the creation of efficient transportation links and distribution chains for goods and services for companies in international transit. Estonia's transport and communications sector is transnational by nature and, therefore, is one of the economic sectors most thoroughly integrated with European countries.

The Port of Tallinn is the biggest cargo and passenger port in Estonia. It holds a leading position in the handling of cargo flows between Russia (as well as other CIS countries) and Western Europe. Estonia's sea transportation system is connected to other European ports. There are daily ferry links from Tallinn to Helsinki and Stockholm, as well as frequent cargo ferries to Antwerp, Copenhagen, Hamburg, Kiel, and Harwich, etc. More info on cargo lines: <http://www.portoftallinn.com/regular-cargo-lines>

The Port of Tallinn's Muuga Harbor Free Zone is designed to increase the competitiveness of the transit sector in Estonia by granting more flexible customs procedures to companies rendering transit and distribution services. The Port of Muuga could be attractive to high value container distribution operators. The simplified customs paper handling, easy transfer of ownership rights, and value-added operations allowed in the zone are designed to foster the development of distribution centers. Continuous infrastructure investment provides additional expansion opportunities at Muuga Port, which is one of the deepest ports in the Baltic Sea region.

Paldiski South Harbour, the Port of Tallinn's second cargo harbour, is located 45 km west of Tallinn. The core activity of the harbour is focused on the handling of Estonian export and import cargo and transit cargo. Mainly ro-ro cargo, scrap metal, timber, peat and oil products are handled there. Developing fields of activity include transit of new cars for neighboring markets and pre-sale service.

The port of Sillamae on Estonia's northeastern coast, opened in 2005. It can handle up to 10 million tons of goods a year and receive the biggest ships that can enter the Baltic Sea. Sillamae port is a landlord-type port that leases its infrastructure to independent operator companies on the basis of long-term rights.

The North Paldiski Port is a rapidly developing privately-owned port which specializes in handling rolling cargo including cars, containers, general cargo and oversized project cargo.

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Estonian ports overall provide excellent opportunities for investments into value-added logistics services for the Baltic Sea Region, including Russia and Scandinavia.

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Please see the Supplement to the Official Journal of the European Union, dedicated to European public procurement.

<http://ted.europa.eu/TED/main/HomePage.do>

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Enterprise Estonia: <http://www.investinestonia.com/en/business-environment/Page-3-1>
Port of Tallinn: www.ts.ee

Port of Sillamäe: www.silport.ee

Paldiski Northern Port: <http://www.portofpaldiski.ee/index.php?lang=eng&pid=2>

Paldiski Industrial Park:

<http://www.paldiskitehnopark.ee/content.php?mm=3&pr=5&id=1&lid=eng>

Estonian Logistics and Transit Association: http://www.transit.ee/_eng

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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Estonian Master Tariff System: <https://vaarikas.emta.ee/emts/do/language?lang=en>

The National Customs Board is a state institution operating under the Ministry of Finance of the Republic of Estonia. It enforces the customs regulations of the country and is the direct administrator of customs arrangements. In 1992 Estonia became a member of the World Customs Organization (WCO).

Trade Barriers

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For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by United States Trade Representative and available through the following website:

<http://www.ustr.gov/about-us/press-office/reports-and-publications/2010>

Separate arrangements are applied to trade in certain agricultural products under the Common Agricultural Policy (CAP), including export/import licensing, quantitative restrictions, export refunds, or preferential tariff arrangements. For further information on agricultural trade barriers can be found at the following website:

<http://www.fas.usda.gov/posthome/useu/>

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://www.buyusa.gov/europeanunion>.

Import Requirements and Documentation

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Information on Estonian Customs requirements: <http://www.emta.ee/?id=1939>

Agricultural Documentation

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain Member State import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: <http://www.fas.usda.gov/posthome/useu/certificates-overview.html>

Sanitary Certificates (Fisheries): In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC places specific conditions on imports of fishery products from the U.S. Sanitary certificates for live shellfish are covered by Commission Regulation (EC) 1664/2006 and must be used for gastropods, bivalve mollusks, tunicates, and echinoderms. The two competent Authorities for issuing sanitary certificates are the FDA and the U.S. Department of Commerce, National Marine Fisheries Service (NMFS/NOAA/USDC).

Since May 1, 2007, with the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate covered by Regulation (EC) 1664/2006. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU (stephane.vrignaud@mail.doc.gov) or visit the following FDA dedicated web site: <http://www.cfsan.fda.gov/>.

U.S. Export Controls

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As a member state of the European Union and NATO, Estonia is obliged to share the responsibility for international security, which presupposes the adoption of the values and the codes of conduct of these organizations. An essential part of this is the efficient implementation of export control measures and a foreign policy oriented towards preventing the proliferation of weapons of mass destruction (WMD). The latter is coordinated by several international organizations – the Wassenaar Arrangement, the Australia Group (dealing with issues related to chemical weapons), the Missile Technology Control Regime (MTCR) and the Nuclear Suppliers Group.

U.S. Export controls and licenses:

http://www.export.gov/regulation/eq_main_018219.asp

Temporary Entry

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Goods transiting Estonian territory are not charged duties. It is possible to obtain a temporary exemption from duty for items such as commercial samples and for goods intended for public displays at exhibitions and fairs. If the goods are put to any unauthorized use or are not re-exported within the prescribed time period (a maximum of one year) they must go through normal customs clearance and become liable for relevant duties and taxes.

Labeling and Marking Requirements

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The following information, **in Estonian**, is required on retail packaging, or otherwise marked on the product (a sticker, label, etc.):

- Name of product (indicating clearly the contents of the package)
- Name of the manufacturer or the name of the company that had the product manufactured
- Amount of contents (weight or volume of the contents to be specified, measures in the metric system).

If warranted, the following information should also be included on the retail packaging or otherwise clearly identified on the product: contents of the product, care instructions, operating instructions, and a warning of possible danger related to the use or disposal of the product.

A retail-size food package must show the name of the manufacturer, packer or importer, commercial name of the product, net metric weight or volume, ingredients in descending order of weight, last recommended date of sale, and storage instructions if perishable or intended for infants. This information described above must be provided **in Estonian**.

More on the marking of the packages from the Packaging Act:

<http://www.legaltext.ee/et/andmebaas/tekst.asp?loc=text&dok=X80048&keel=en&pg=1&ptyyp=RT&tyyp=X&query=pakendiseadus>

More on labeling of goods in Consumer Protection Act1:

<http://www.legaltext.ee/et/andmebaas/tekst.asp?loc=text&dok=X70046K3&keel=en&pg=1&ptyyp=RT&tyyp=X&query=tarbikaitse>

An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:
http://www.buyusainfo.net/docs/x_4171929.pdf.

The subject has been also been covered in the section about [standards](#).

Prohibited and Restricted Imports

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The Integrated Tariff of the European Communities (TARIC) is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES Convention on International Trade of Endangered Species
PROHI Import Suspension
RSTR Import Restriction

For information on TARIC, please go to:

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Customs Regulations and Contact Information

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Information on the Estonian Customs regulations can be found:
Estonian Customs: <http://www.emta.ee/?id=1939>

Standards

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While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also function as barriers to trade if U.S. standards are different from those of the European Union. Products tested and certified in the United States to American standards are likely to have to be retested and re-certified to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the [New Approach](#) are harmonized across the 27 EU Member States and European Economic Area countries to allow for the free flow of goods. A feature of the New Approach is CE marking.

Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This Regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://www.fas.usda.gov/posthome/useu/>

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: <http://www.fas.usda.gov/posthome/useu/>

Standards Organizations

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EVS (a non-profit association recognized by the Government of Estonia as the national standards body for Estonia) started its operations as provided by the Technical Regulations and Standards Act on April 1, 2000. National Standards are sold in Estonia only by EVS. EVS has exclusive rights for sale of ISO, CEN, BSI, DIN, SFS and GOST standards in Estonia. EVS also has a sales agreement with IHS Nordic. More on EVS: <http://www.evs.ee/Esileht/tabid/111/language/en-US/Default.aspx>

EU standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, European Committee for Electrotechnical Standardization (<http://www.cenelec.eu>)
- ETSI, European Telecommunications Standards Institute (<http://www.etsi.org/>)
- CEN, European Committee for Standardization, handling all other standards (<http://www.cen.eu/cenorm/homepage.htm>)

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your

access to international markets. Register online at Internet URL:
<http://www.nist.gov/notifyus/>

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control systems, to full quality assurance systems. You can find conformity assessment bodies in Estonia in this list by the European Commission.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

Product Certification

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To sell products on the EU market of 27 Member States as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by Member State inspectors, the consumer may well perceive it as a quality mark.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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Independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, are allowed to test in the United States to EU specifications, and vice versa. The costs are significantly lower which results in U.S. products becoming more competitive. At this time, the U.S.-EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force) and marine equipment (in force). The U.S. Department of Commerce, National Institute of Standards and Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement.

Key Link: <http://gsi.nist.gov/global/index.cfm/L1-3/L2-9>

Accreditation is handled at Member State level. "European Accreditation" <http://www.european-accreditation.org/content/home/home.htm> is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

Estonian Accreditation Center: http://www.eak.ee/index_eng.php?pagelid=15

Publication of Technical Regulations

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The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering draft and adopted legislation as well as case law, studies by committees, and more (<http://eur-lex.europa.eu/JOIndex.do>). It lists the standards reference numbers linked to legislation (http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm). National technical regulations are published on the Commission's website http://ec.europa.eu/enterprise/tris/index_en.htm to allow other countries and interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT) Agreement to report to the WTO all proposed technical regulations that could affect trade with other member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets. Register online at Internet URL: <http://tsapps.nist.gov/notifyus/data/index/index.cfm>

Labeling and Marking

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Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption. More on Estonian regulations on labeling can be found in the [Labeling and Marking Requirements section](#).

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC, harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

Key Link: http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm

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Estonian Accreditation Center: http://www.eak.ee/index_eng.php?pageld=15

Estonian Centre for Standardization: <http://www.evs.ee/Esileht/tabid/111/language/en-US/Default.aspx>

[U.S. Embassy](#)

Trade Agreements

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For a list of trade agreements with the EU and its Member States, as well as concise explanations, please see http://tcc.export.gov/Trade_Agreements/index.asp.

Web resources

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Estonian Accreditation Center: http://www.eak.ee/index_eng.php?pageld=15

Estonian Centre for Standardization: <http://www.evs.ee/Esileht/tabid/111/language/en-US/Default.aspx>

Estonian Customs: www.emta.ee

EU websites:

Online customs tariff database (TARIC):

http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm

Cenelec, European Committee for Electrotechnical Standardization:

<http://www.cenelec.eu>

ETSI, European Telecommunications Standards Institute: <http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:

<http://www.cen.eu/cenorm/homepage.htm>

National Technical Regulations: http://ec.europa.eu/enterprise/tris/index_en.htm

U.S. websites:

National Trade Estimate Report on Foreign Trade Barriers: <http://www.ustr.gov/about-us/press-office/reports-and-publications/2010>

Agricultural Trade Barriers: <http://www.fas.usda.gov/posthome/useu/>

Trade Compliance Center: <http://www.trade.gov/tcc>

U.S. Mission to the European Union: <http://www.buyusa.gov/europeanunion>

The New EU Battery Directive: http://www.buyusainfo.net/docs/x_8086174.pdf

The Latest on REACH: <http://www.buyusa.gov/europeanunion/reach.html>.
WEEE and RoHS in the EU: <http://www.buyusa.gov/europeanunion/weee.html>
Center for Food Safety and Applied Nutrition:
<http://www.fda.gov/AboutFDA/CentersOffices/OrganizationCharts/ucm135675.htm>
EU Marking, Labeling and Packaging – An Overview:
http://www.buyusainfo.net/docs/x_4171929.pdf.
The European Union Eco-Label: http://buyusainfo.net/docs/x_4284752.pdf
Trade Agreements: http://tcc.export.gov/Trade_Agreements/index.asp

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Chapter 6: Investment Climate

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- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
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- [Right to Private Ownership and Establishment](#)
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Openness to Foreign Investment

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As a member of the EU, the Government of Estonian (GOE) maintains liberal policies in order to attract investments that could produce exports. Foreign investors are treated on an equal footing with local investors. While the GOE still seeks to attract foreign direct investment (FDI) into Estonia, finding new export markets for Estonian goods and services is the GOE's current priority. Creating favorable conditions for FDI and openness to foreign trade has been the foundation of Estonia's economic strategy.

Estonia's government does not screen foreign investments, nor has it set limitations on foreign ownership. It does, however, establish requirements for certain sectors. These requirements are not intended to restrict foreign ownership but rather to regulate it and establish clear ownership responsibilities. Licenses are required for a foreign investor to become involved in the following sectors: mining, energy, gas and water supply, railroad and transport, waterways, ports, dams and other water-related structures and telecommunications and communication networks. The Estonian Financial Supervision Authority issues licenses for foreign interests seeking to invest in or establish a bank. Additionally, the Estonian Competition Authority reviews transactions for anti-competition concerns. Government review and licensing have proven to be routine and non-discriminatory.

Estonia's privatization program is now complete. Only a small number of enterprises -- the country's main port, the power plants, the postal system, and the national lottery -- remain wholly state-owned.

Some general facts concerning foreign direct investment inflows into Estonia include:

- There is a trend towards cross-border acquisitions;
- Greenfield investments are increasingly rare;

Estonia by international indexes/rankings:

Measure	Year	Index/Ranking
TI Corruption Index	2011	29
Heritage Economic Freedom	2011	14
World Bank Doing Business	2012	24

More on rankings:

TI Corruption Index: http://www.transparency.org/policy_research/surveys_indices/cpi

Heritage Economic Freedom: <http://www.heritage.org/index/Ranking.aspx>

World Bank Doing Business: <http://www.doingbusiness.org/economyrankings/>

Conversion and Transfer Policies

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As of January 1, 2011 Estonia is a member of the euro currency area.

The euro has no restrictions on its transfer or conversion. Similarly, there are no restrictions, limitations or delays involved in converting or transferring funds associated with an investment (including remittances of investment capital, earnings, loan repayments, or lease payments) into other currencies at market rates. There is no limit on dividend distributions as long as they correspond to a company's official earnings records. If a foreign company ceases to operate in Estonia, all its assets may be repatriated without restriction. These policies are all long-standing; there is no indication that they will be altered in the future. Foreign exchange is readily available for any purpose.

Expropriation and Compensation

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Private property rights are observed in Estonia. The government has the right to expropriate in the case of public interests related to policing the borders, public ports and airports, public streets and roads, supply to public water catchments, etc. Compensation is offered based on market value. Post is not aware of any expropriation cases involving discrimination against foreign owners.

Dispute Settlement

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Investment disputes concerning U.S. or other foreign investors and Estonia are rare. Estonia's judiciary is independent and insulated from government influence; however some business leaders complain the courts are overburdened and too slow. Property rights and contracts are enforced by the courts.

Estonia's commercial law has proven extremely effective and is often cited as one of the components of Estonia's successful economic reforms. The Commercial Code, as a part of the overall commercial law, is consistently applied. The Obligation Law, enacted in 2002, is the basis for all commercial agreements. A Bankruptcy Act was adopted in 2004. The full text of these laws can be found at: <http://www.legaltext.ee/en/>. Estonia has been a member of the International Center for the Settlement of Investment Disputes (ICSID) since 1992 and a member of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards since 1993.

Recognition of court rulings of EU Member States is regulated by EU legislation.

The Arbitration Court of the Estonian Chamber of Commerce and Industry is a permanent arbitration court which settles disputes arising from contractual and other civil law relationships, including foreign trade and other international economic relations.

Performance Requirements and Incentives

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A fundamental principle of Estonia's economic policy is equal treatment of foreign and domestic capital. No special investment incentives are available to foreign investors, nor is any favored treatment accorded them. Similarly, there are no specific performance requirements for foreign investments that differ from those required of domestic investments.

Estonia continues to refine its immigration policies and practices. U.S. citizens are exempt from the quota regulating the number of immigration and residence permits issued, as are citizens of the EU and Switzerland.

Estonia has a long-standing system of low, simple, flat-rate taxes, in particular, a 21 percent income tax. To encourage companies to expand their business, all reinvested profits are exempted from corporate income tax. However, any distributed profits, such as dividends, are taxed at 21 percent. This tax strategy was designed to promote business and accelerate economic growth by making additional funds available for investment.

Generally, the government does not impose "offset" requirements on major procurements. There are no government imposed conditions to invest.

Right to Private Ownership and Establishment

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Private ownership and entrepreneurship are respected in Estonia. In most fields of business, participation by foreign companies or individuals is unrestricted. As provided for by the Law on Foreign Investments, foreign investors have the same rights and obligations as Estonian citizens. Foreign investors may purchase buildings and land for production purposes and establish, buy, and fully own companies.

Government approval is required for foreign investment and participation in only a handful of sectors (see section A.1).

Competitive equality is the official standard applied to private enterprises in competition with public enterprises. Private companies do not face discrimination in relation to state-owned companies.

Protection of Property Rights

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Secured interests in property are recognized and enforced. Mortgages are quite common for both residential and commercial property and leasing as a means of financing is widespread and efficient.

The legal system protects and facilitates acquisition and disposition of all property rights, including land, buildings, and mortgages. The long and complicated process of property restitution (begun when the Principles of Ownership Reform Act came into force June 20, 1991) is almost complete, including the area of non-residential real properties.

The Estonian legal system adequately protects property rights, including most intellectual property: patents, trademarks, industrial design, and trade secrets. Enforcement of copyright protections is improving, but digital piracy of movies, games, music and software is widespread. Estonia adheres to the Berne Convention, WIPO and TRIPS, the Rome Convention and the Geneva Convention on the Protection of the Rights of Producers. Estonian legislation fully complies with EU directives granting protection to authors, performing artists, record producers, and broadcasting organizations.

Protecting Your Intellectual Property in Estonia

Several general principles are important for effective management of intellectual property (IP) rights in Estonia. First, it is important to have an overall strategy to protect your IP. Second, you should recognize IP is protected differently in Estonia than in the U.S. Third, rights, except for copyright, must be registered and enforced in Estonia under local laws. In Estonia, equal protection of copyright is provided via international conventions and treaties to foreign and Estonian authors. Your U.S. trademark and patent registrations will not protect you in Estonia. Protection against unauthorized use depends on Estonian normative regulations that adhere to international laws and directives of the European Union.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Estonian market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Estonia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Estonian law. This list is available on the embassy website: http://estonia.usembassy.gov/local_attorneys.html.

While the U.S. Government stands ready to assist, there is little we can do if the rights' holders have not taken these fundamental steps necessary to secure and enforce their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights under the misconception that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal

doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights' holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Estonia require constant attention. Work with legal counsel familiar with Estonian laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting.

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**.
- Estonian Patent Office: <http://www.epa.ee/>
- Estonian Organization for Copyright Protection: <http://www.eako.ee>
- Estonian Association of the Phonogram Producers: <http://www.efy.ee>

Transparency of Regulatory System

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The Government of Estonia has set transparent policies and effective laws to foster competition and establish "clear rules of the game." However, due to the small size of Estonia's commercial community, instances of favoritism are not uncommon despite regulations and procedures designed to limit them.

Tax, labor, health and safety laws and policies have been crafted to encourage investment. They appear to have been successful, given the relatively high level of foreign direct investment per capita.

All proposed laws and regulations are published for public comment on the website: <http://eelnoud.valitsus.ee/main#fDORLBmi>. Also, the public can comment on draft laws and propose changes to government regulations at: www.osale.ee.

Estonia's widely-praised "e-governance" solutions and other bureaucratic procedures are generally far more streamlined and transparent than those of other countries in the region and are among the most streamlined and transparent in the EU.

International institutions and organizations give Estonia's economic policies high marks. The U.S.-based Wall Street Journal/Heritage Foundation's 2011 Index of Economic Freedom ranked Estonia 14th in the world. The index is a composite of scores in monetary policy, banking and finance, black markets, wages and prices. Estonia scores highly on this scale for investment freedom, fiscal freedom, financial freedom, property rights, business freedom, and monetary freedom.

Efficient Capital Markets and Portfolio Investment

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Estonia's financial sector is modern and efficient. Government and Central Bank policies facilitate the free flow of financial resources, thereby supporting the flow of resources in the product and factor markets. Credit is allocated on market terms and foreign investors are able to obtain credit on the local market. The private sector has access to an expanding range of credit instruments similar in variety to those offered by banks in Estonia's Nordic neighbors Finland and Sweden.

Legal, regulatory, and accounting systems are transparent and consistent with international norms.

The Security Market Law complies with EU requirements and enables EU securities brokerage firms to deal in the market without establishing a local subsidiary. The NASDAQ OMX stock exchanges in Tallinn, Riga and Vilnius form the Baltic Market, which facilitates cross-border trading and attracting more investments to the region. This includes sharing the same trading system and harmonizing rules and market practices, all with the aim of reducing the costs of cross-border trading in the Baltic region.

Estonia's banking system has consolidated rapidly. Total assets of the commercial banks were approximately USD 26 billion at the end of 2011. Two Swedish-owned banks (Swedbank and SEB) control over 65 percent of the market. More information is available at: <http://www.pangaliit.ee/en/welcome>

The Scandinavian-owned Estonian banking system is modern and efficient, encompassing the strongest and best-regulated banks in the region. These provide both domestic and international services (including internet and mobile banking) at very competitive rates. Both local and international firms provide a full range of financial, insurance, accounting, and legal services. Estonia has a highly advanced internet banking system: currently 98% of banking transactions are conducted via the internet. In Estonia over 75 percent of the population between the ages of 16-74 uses the internet.

The Central Bank and the government hold no shares in the banking sector.

In 2001, the Estonian government created a consolidated Financial Supervisory Authority (FSA) under the auspices of the Central Bank. The FSA conducts financial supervision independently on behalf of the state and has a separate budget. The FSA was established to enhance the stability, reliability, transparency, and efficiency of the

financial sector, to reduce system risks, and to prevent the use of the financial sector for criminal purposes.

Takeovers in Estonia are regulated by the EU Takeover Directive 2004/25/EC. More information is available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32004L0025:EN:HTML>.

Competition from State Owned Enterprises

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Only a small number of enterprises -- the country's main port, the power plants, the postal system, railway, airports and the national lottery -- are state-owned (SOEs). Public enterprises operate on the same legal bases as private enterprises without any advantages.

Each of the SOEs' management reports to an independent supervisory board consisting of government officials, politically-affiliated individuals and also prominent members of the business community.

There are several sovereign wealth funds (SWFs) in Estonia. They have similar corporate governance to SOEs.

Both SOEs and SWFs are required to publish their annual reports (usually available on the internet in English) and submit their books for independent audit.

Corporate Social Responsibility

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The majority of OECD Guidelines for Multinational Enterprises are incorporated into Estonian legislation. 2005 saw the start of a non-profit organization, Responsible Business Forum in Estonia, with an aim of furthering CSR in Estonian society. Responsible Business Forum in Estonia is a partner in the CSR360 Global Partner Network. CSR360 (www.csr360gpn.org) is a network of independent organizations, who work as the interface of business and society to mobilize business for good.

Political Violence

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Civil unrest generally is not a problem in Estonia and there have been no incidents of terrorism. Large public gatherings and demonstrations may occur on occasion in response to political issues, but these have proceeded, with few exceptions, without incident in the past.

Corruption

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Estonia has laws, regulations, and penalties to combat corruption and, while corruption is not unknown, it has generally not been a major problem faced by foreign investors. However, foreign companies have found it difficult to become part of the local commercial community because many Estonian executives have known one another since childhood and often help one another out in ways that make it difficult for outsiders to compete effectively.

Both offering and taking bribes are criminal offenses which can bring imprisonment of up to five years. While “payments” that exceed the services rendered are not unknown, and “conflict of interest” is not a well-understood issue, surveys of American and other non-Estonian businesses have shown the issues of corruption and/or protection rackets are not a major concern for these companies. In 2011 Transparency International (TI) ranked Estonia 29th out of 183 countries on its Corruption Perceptions Index. The GOE is currently drafting a new anti-corruption strategy set to be in place by 2013 and is planning to renew the Anti-corruption Act by 2015.

In 2004, the GOE instituted the “Honest State” program, an anti-corruption platform which included specific policies to reduce the risk of corruption in government. These included auditing local governments (widely seen as the greatest source of corruption in Estonia), requiring public servants to file electronic declarations of their economic interests, setting up a National Ethics Council, increasing the number of specialized investigators and prosecutors who focus on corruption, and setting up an anonymous hotline for people to report corruption cases. The principles of the “Honest State” program continue to be an embedded part of GOE best practices.

The Security Police Board has shown its capacity to deal with corruption offences and criminal misconduct, leading to the conviction of several high-ranking state officials. Estonia co-operates in fighting corruption at the international level and is a member of GRECO (Group of States Against Corruption). Estonia is a party to both the Council of Europe (CoE) Criminal Law Convention on Corruption and the Civil Law Convention. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. GRECO was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 46 member states (45 European countries and the United States). As of December 2009, the Criminal Law Convention had 42 parties and the Civil Law Convention had 34 (see www.coe.int/greco.)

Estonia began as a full participant in the OECD Working Group on Bribery in International Business Transactions (the Working Group) in June 2004, and deposited its instruments of accession on November 23, 2004. The Convention entered into force in Estonia on January 22, 2005. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Anti-bribery Convention through the U.S. Foreign Corrupt Practices Act.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain

foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/fcpa/docs/lay-persons-guide.pdf>.

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 143 parties to it as of December 2009 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement and trading in influence, to the concealment and laundering of the proceeds of corruption.

The UN Anticorruption Convention entered into force in Estonia on February 26, 2010.

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of State cannot provide legal advice on local laws, the embassies can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel. The embassy can also provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. For more information, go to: <http://estonia.usembassy.gov/polecon/companies/us-companies.html>.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" website at: tcc.export.gov/Report_a_Barrier/index.asp.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's website at: <http://www.justice.gov/criminal/fraud/fcpa>

General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce website: http://www.ogc.doc.gov/trans_anti_bribery.html.

Bilateral Investment Agreements

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Estonia has investment promotion and protection agreements with the Belgium-Luxembourg Economic Union, Azerbaijan, China, Czech Republic, Denmark, Finland, Greece, Israel, Italy, Jordan, Latvia, Lithuania, Moldova, Montenegro, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, Turkey, Ukraine, UK and the United States. A Bilateral Taxation Treaty with the U.S. came into force on January 1, 2000.

OPIC and Other Investment Insurance Programs

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Estonia is a member of the Multilateral Investment Guarantee Agency.

Labor

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Estonia has a small population - only 1.3 million people. The average monthly Estonian salary at the end of 2011 was about USD 1,100 and is expected to increase slowly in coming years. At the end of 2011 the unemployment rate was 10.9 percent. Unemployment is forecasted to remain around 10 percent in 2012. Despite the high level of unemployment, employers report difficulty finding skilled workers in a number of sectors.

Trade union membership remains low. However, the influence of trade unions, which tend to take a cooperative approach to industrial relations, is increasing somewhat. Estonia adheres to ILO Conventions protecting workers' rights.

With an aging population and relatively low birth rate, Estonia, like many other countries of Central and Eastern Europe, faces long-term demographic challenges affecting its supply of labor. Improving labor efficiency is a key focus for Estonia in the short-to-mid term.

Information on the free movement of labor within the EU is available at:

<http://ec.europa.eu/social/main.jsp?catId=458>

Foreign-Trade Zones/Free Ports

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Estonia's Customs Act permits the government to establish free trade zones. Goods in a free trade zone are considered as being outside the customs territory. VAT, excise, import and export duties (as well as possible fees for customs services) do not have to be paid on goods brought into free trade zones for later re-export.

In Estonia, there are four zones at Muuga port (near Tallinn), Sillamae port (northeast Estonia), Paldiski north port (northwest Estonia) and in Valga (southern Estonia). All free trade zones are open for FDI.

The main supervisory authority responsible for monitoring the movement of goods in or out of free trade zones is the Estonian Tax and Customs Board (governed by the Ministry of Finance). There are ID requirements for companies and individuals using the zone. The U.S. Department of Homeland Security (Coast Guard) has inspected Estonia's ports and determined that the Republic of Estonia has substantially

implemented the International Ship and Port Facility Security (ISPS) Code at all facilities visited.

Foreign Direct Investment Statistics

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According to the Bank of Estonia (see the link below), by the end of the third quarter of 2011 (3Q11), the cumulative stock of FDI in Estonia amounted to EUR 12.6 billion or USD 16.9 billion. Roughly 25 percent of FDI has been invested into financial intermediation, 17 percent into manufacturing and about 15 percent both in real estate activities and wholesale and retail trade.

Nordic countries are the largest foreign direct investors in Estonia. Sweden has 30 percent of the total, followed by Finland with 23 percent, and the Netherlands with 10.8 percent. The United States accounts for 2.3 percent of foreign direct investment stock (8th overall). The inward FDI stock in Estonia is currently about 80 percent of GDP.

In 3Q11, Estonian direct investment abroad was about EUR 3.4 billion, which is about 4.6 billion USD.

For the value of inward and outward FDI (position, stock, and flows in recent years by commodity group, as well as country of origin) please go to:

http://statistika.eestipank.ee/?lng=en#treeMenu/MAKSEBIL_JA_INVPOS/146

Some examples of the largest FDI companies in Estonia in terms of total investment and influence on the Estonian economy are:

SEB Pank AS

Foreign Shareholder: SEB AB

Country of origin: Sweden

Sector of operation: banking

Swedbank AS

Foreign Shareholder: Swedbank

Country of origin: Sweden

Sector of operation: banking

Eesti Telekom AS

Foreign Shareholder: TeliaSonera AB

Country of origin: Sweden

Sector of operation: telecommunications

ABB AS

Foreign Shareholder: The ABB Group

Country of origin: Switzerland

Sector of operation: power and automation technologies

Ericsson Eesti AS

Foreign Shareholder: Ericsson

Country of origin: Sweden

Sector of operation: telecommunications equipment

Skype Technologies OU
Foreign Shareholder: Microsoft
Country of origin: USA
Sector of operation: telecommunication

Stockmann AS
Foreign Shareholder: Stockmann
Country of origin: Finland
Sector of operation: retail

Eastman Specialties AS
Foreign Shareholder: Eastman Chemical Company
Country of origin: USA
Sector of operation: chemicals

Balti Spoon AS
Foreign Shareholder: Mohring Group of Companies,
Country of origin: USA
Sector of operation: veneer

Estonian Cell AS
Foreign Shareholder: Heinzl Group
Country of origin: Austria
Sector of operation: pulp mill

Molycorp Silmet AS
Foreign Shareholder: Molycorp Inc.
Country of origin: USA
Sector of operation: rare earth metals

NASDAQ OMX Tallinn AS
Foreign Shareholder: NASDAQ OMX Nordic OY
Country of origin: USA
Sector of operation: exchange company

More information on foreign investors is available at: <http://www.investinestonia.com/>

Web Resources

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Bank of Estonia: <http://www.eestipank.info>
Financial Supervision Authority: <http://www.fi.ee/?lang=en>
Enterprise Estonia: <http://www.investinestonia.com>, <http://www.tradewithestonia.com/>
Ministry of Foreign Affairs: <http://www.vm.ee/?q=en>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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All methods of payment are used except checks.

Credit Rating Service: www.krediidiinfo.ee

Collection agencies: <http://www.1182.ee/baas/valdexpeng.cgi?id=740040040&level=4>

How Does the Banking System Operate

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Please use this link to find [Information on Estonian Capital Markets](#).

Foreign-Exchange Controls

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Estonia joined the euro zone on January 1, 2011. There are no controls on currency exchange.

U.S. Banks and Local Correspondent Banks

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There are no U.S. banks in Estonia.

List of financial institutions in Estonia: <http://www.fi.ee/index.php?id=593>

Project Financing

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EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.

The European Bank for Reconstruction and Development (EBRD), whose largest shareholder is the US Government, offers a full range of financial services to US investors in Estonia. Using its AAA credit rating, the EBRD can provide debt, equity, quasi-equity, syndications, and trade finance in both local and foreign currency at competitive commercial rates and with longer tenors than is usually supplied by commercial lenders. The EBRD's lending priorities are for private sector-led investment,

but sovereign lending is also a feature of the bank, particularly for water, transport and energy needs at the municipal level. For sovereign loans, the EBRD requires open, competitive tenders that offer an opportunity to supply US goods and services. More info: <http://www.ebrd.com/pages/country/estonia>

For information on financing your project with EU structural funds, see: <http://www.strukturifondid.ee/en/>

Web Resources

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Estonian websites:

Bank of Estonia: <http://www.eestipank.info/pub/en/>

Credit Information: <http://www.krediidiinfo.ee/>

EU Structural funds in Estonia: <http://www.strukturifondid.ee/en/>

EU websites:

EBRD: <http://www.ebrd.com/pages/country/estonia>

EU regional policies, EU Structural and Cohesion Funds:

http://ec.europa.eu/regional_policy/index_en.htm

Trans-European Networks (TENs): http://ec.europa.eu/ten/transport/index_en.htm

EU Grants and Loans index: http://ec.europa.eu/grants/index_en.htm

European Investment Bank: <http://www.eib.org/>

EIB-financed projects: <http://www.eib.org/projects/index.htm?lang=-en>.

U.S. websites:

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

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Chapter 8: Business Travel

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Business Customs

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Estonia is a modern country that enjoys close relations with Nordic and other Baltic countries. Social and business protocol is similar to that in northern Europe. More info: <http://www.tradewithestonia.com/>

Travel Advisory

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The climate in Tallinn is characterized by a fairly cold winter, a cool spring with little precipitation, a moderately warm summer and a long and rainy autumn. However, some summers have weeks at a stretch of temperatures around +30° C, and a warm, sunny summer can keep autumn at bay until mid-October.

Average temperature in July +20°C

Average temperature in February -9°C

Weather forecast on the Internet: <http://www.weather.ee/>

More info: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1112.html

Visa Requirements

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Estonia is covered by the [Schengen Treaty](#). To live and work in Estonia, foreigners from non-EU countries need both a residence permit and a work permit, both of which may be obtained from local Migration Department offices. English-language instructions on how to apply are available from the Migration Department. Alternatively, instructions are posted in English on the web page of Enterprise Estonia www.investinestonia.com.

U.S. citizens do not need to obtain a visa for visits of less than 90 days. More information can be found on the State Department's Consular Information Sheet for Estonia: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1112.html

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa>
U.S. Embassy Consular Section in Estonia: <http://estonia.usembassy.gov>

Telecommunications

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Within a short time, modern means of communication have become an inseparable part of the daily life of Estonians, and the use of mobile telephones (GSM) and the Internet is more widespread than in most EU member states. Nearly 100 percent of Estonians have a mobile phone and 74 % of the population between the ages of 16 and 74 uses the Internet. [Wi-Fi](#) is widely available and usually free.

Transportation

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Estonia has a relatively well-developed transportation infrastructure. The density of Estonia's road network is comparable to that of Nordic countries, although the quality of the roads in many places is not yet up to Nordic standards. Public transportation in major cities is efficient and reliable. While there are five passenger-serving airports in Estonia, most international flights occur through Tallinn Airport. For more info: visitestonia.com

Language

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The official language in Estonia is Estonian. English is widely spoken, especially in the capital city. Russian is still the most-widely spoken second language, although less so among younger Estonians.

Health

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Estonia has vigorously and quite successfully reformed its health care system over recent decades. The current system is built on solidarity-based health financing; a modern provider network based on family medicine-centered primary healthcare, modern hospital services, and more concentration on public health. This has resulted in a steadily increasing life expectancy and continuously high rates of satisfaction with access and quality. Estonian hospitals are generally well equipped with modern x-ray sets, computed tomography systems, magnetic resonance tomography systems etc.

Cases of resistant strains of tuberculosis have been reported in Estonia. Visitors to forested areas in warm weather should also guard against tick-borne encephalitis. Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the Centers for Disease Control and Prevention's hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747); fax 1-888-CDC-FAXX (1-888-232-3299), or via the CDC's Internet site at <http://www.cdc.gov/travel>. For information about outbreaks of infectious diseases abroad consult the World Health Organization's website at <http://www.who.int/en> Further health information for travelers is available at <http://www.who.int/ith>

Local Time, Business Hours, and Holidays

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Time Zone: GMT + 2 hours

Business hours are between 8 a.m. and 6 p.m. Supermarkets and shopping centers are generally open between 9 a.m. and 10 p.m. every day.

The national holidays in Estonia for 2012 are:

Day, Date	Holiday
January 1	New Year's Day
February 24	Independence Day
April 6	Good Friday
May 1	May Day
June 23	Victory Day
June 24	Midsummer Day
August 20	Day of Restoration of Independence
December 24	Christmas Eve
December 25	Christmas Day
December 26	Boxing Day

Temporary Entry of Materials and Personal Belongings

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[Information on Temporary Entry](#)

Estonian Customs: <http://www.emta.ee/?id=1939>

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Estonian Customs: <http://www.emta.ee/?id=1939>

Travel info: http://travel.state.gov/travel/cis_pa_tw/cis/cis_1112.html

Weather forecast in Internet: <http://www.weather.ee/>

Enterprise Estonia: www.investinestonia.com.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

U.S. Embassy Consular Section: <http://estonia.usembassy.gov>

World Health Organization's website at <http://www.who.int/en>

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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United States Embassy, Political/Economic Section

3/2/2012

Kentmanni 20, 15099 Tallinn, Estonia
Tel: 372 668 8130
Fax: 372 668 8264
Contact: Ms. Reene Sepp, Economic/Commercial Specialist
E-mail: seppr@state.gov
Brian Frere, Economic & Commercial Officer
E-mail: FrereBM@state.gov
<http://estonia.usembassy.gov>
Foreign Commercial Service Partnership Post
U.S. Embassy Helsinki
It. Puistotie 14 B
FIN-00140
Helsinki, Finland
Tel: 358-9-616-250
Fax: 358-9-616-25130
E-mail: office.helsinki@trade.gov

Foreign Agricultural Service (regional office in Warsaw):
<http://poland.usembassy.gov/poland/agric.html>

Chambers of Commerce, Trade Associations

Estonian Chamber of Commerce and Industry: www.koda.ee
American Chamber of Commerce, Estonia: www.amcham.ee
Association of Estonian Food Industry: <http://toiduliit.ee/>
BSA (Business Software Alliance): www.bsa.ee
Estonian Banking Association: www.pangaliit.ee
Federation of Estonian Engineering Industry (EML): <http://www.emliit.ee/>

Country Government Offices

Ministry of Economic Affairs and Communications: www.mkm.ee
Ministry of Agriculture: <http://www.agri.ee/>
Ministry of Finance: <http://www.fin.ee/>
Ministry of Foreign Affairs: <http://www.mfa.ee>
Other Ministries and Government Agencies: <http://www.eesti.ee/eng/>

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming U.S. trade events.
<http://www.export.gov/tradeevents/index.asp>
Estonian Fairs: www.fair.ee

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. The global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses in Estonia, please click on the link below.

<http://estonia.usembassy.gov/cominfo.html>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.